

been prepared by Senator Daschle and if passed in its current form by the Congress, I would sign it into law.

WILLIAM J. CLINTON.

THE WHITE HOUSE, January 6, 1996.

COMMUNICATION FROM DIRECTOR OF THE CONGRESSIONAL BUDGET OFFICE

The SPEAKER pro tempore laid before the House the following communication from the Director of the Congressional Budget Office:

CONGRESSIONAL BUDGET OFFICE,
Washington, DC, January 6, 1996.
Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: The Congressional Budget Office (CBO) has prepared a preliminary analysis of the President's budgetary submission of this date. The analysis is based on draft legislative language or on other descriptive material provided by staff. It employs CBO's updated economic and technical estimating assumptions, which incorporate the economic effects of balancing the federal budget by 2002 and are described in the CBO memorandum "Economic and Budget Outlook: December 1995 Update." The analysis also assumes, as specified by staff, that the projected adjustment to reduce the formula bias in the consumer price index (CPI) will reduce the rate of growth of the

CPI by 0.3 percentage points a year, which is the upper end of the range estimated by the Bureau of Labor Statistics. CBO's December baseline assumes a reduction near the middle of the range.

Under these assumptions, the proposal would result in deficits of \$153 billion in 1996 and \$167 billion in 1997 and a surplus of \$1 billion in 2002. Compared to the CBO baseline, the proposal would reduce the deficit by \$220 billion over the next five years and by \$583 billion over the 1996-2002 period. Table 1 summarizes the proposed policy changes. Table 2 shows the estimated savings from the changes in direct spending and revenues that would result from enactment of each title of the proposal.

Sincerely,

PAUL VAN DE WATER,
(For June E. O'Neill).

Attachments.

TABLE 1.—DEMOCRATIC PLAN CHANGES FROM CBO'S DECEMBER BASELINE

[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	Total 1996-2002
CBO December Baseline Deficit ^a	172	182	183	195	204	211	228	(*)
Baseline Adjustments ^b	0	0	-2	-2	-3	-6	-6	-19
Adjusted December Baseline	172	182	181	193	201	205	222	
Democratic Plan Policies:								
Outlays:								
Discretionary: ^c								
Freeze ^d	-8	-9	-11	-32	-49	-66	-84	-258
Savings relative to freeze	-4	2	-3	2	2	-9	-26	-37
Subtotal	-12	-7	-14	-30	-47	-75	-110	-295
Mandatory:								
Medicare	(e)	-3	-6	-12	-19	-26	-35	-102
Medicaid	0	e	-2	-7	-10	-13	-19	-52
Other	-7	-9	-12	-15	-15	-15	-22	-95
Subtotal	-7	-12	-21	-34	-45	-54	-76	-249
Net Interest	e	-2	-3	-5	-9	-14	-23	-56
Total Outlays	-20	-21	-37	-69	-100	-143	-209	-599
Revenues ^f	e	6	6	6	10	3	-14	17
Total Policies	-20	-15	-32	-63	-90	-140	-223	-583
Democratic Plan Deficit	153	167	149	130	110	65	-1	(*)

Notes: * = not applicable.

Numbers may not add to totals because of rounding.

^a Projections assume that discretionary spending is equal to the spending limits that are in effect through 1998 and will increase with inflation after 1998.

^b The Democratic plan assumes that the anticipated change in the consumer price index (CPI) methodology used by the Bureau of Labor Statistics (BLS) will reduce the rate of growth of the CPI by 0.3 percentage points a year, which is the upper end of the range estimated by the BLS. CBO's December baseline assumes a reduction near the middle of the range.

^c Discretionary savings specified by staff.

^d Savings from freezing 1996-2002 appropriations at the nominal level appropriated for 1995.

^e Less than \$500 million.

^f Revenue increases are shown with a negative sign because they decrease the deficit. Includes Earned Income Credit outlays.

Sources: Congressional Budget Office; Joint Committee on Taxation.

TABLE 2.—SAVINGS FROM POLICY CHANGES IN THE DEMOCRATIC PLAN BASED ON CBO'S DECEMBER BASELINE ASSUMPTIONS, BY TITLE

[By fiscal year, in billions of dollars]

Title	1996	1997	1998	1999	2000	2001	2002	Total 1996-2002
I—Banking and Housing: Outlays	-4.3	(a)	-0.1	0.2	0.1	0.1	-0.5	-4.4
II—Spectrum Allocation: Outlays	-0.2	-1.8	-2.7	-3.6	-3.1	-2.7	-7.4	-21.3
III—Medicaid: Outlays	0	-0.4	-2.4	-6.7	-10.3	-13.2	-18.6	-51.7
IV—Medicare: Outlays	(a)	-2.7	-6.1	-12.3	-19.1	-26.0	-35.4	-101.5
V—Welfare Reform:								
Outlays	-0.9	-4.8	-5.8	-6.3	-6.9	-6.9	-7.6	-39.1
Revenues ^b	-0.1	-0.3	-0.6	-0.7	-0.8	-0.8	-0.9	-4.2
Deficit	-1.0	-5.1	-6.4	-7.0	-7.6	-7.7	-8.5	-43.3
VI—Federal Retirement:								
Outlays	-0.5	-1.8	-2.7	-2.7	-2.7	-2.7	-2.9	-15.9
Revenues ^b	-0.2	-0.4	-0.5	-0.6	-0.6	-0.6	-0.6	-3.5
Deficit	-0.7	-2.2	-3.2	-3.2	-3.3	-3.3	-3.5	-19.4
VII—Veterans Provisions: Outlays	-0.2	-0.3	-0.4	-1.2	-1.3	-1.3	-1.4	-6.1
VIII—Asset Sales, User Fees, and other Mandatory Provisions: Outlays	-1.3	-0.5	-0.6	-1.5	-1.3	-1.3	-2.2	-8.7
IX—Revenues: Revenues ^{b,c}	0.5	6.5	6.9	7.0	11.1	4.3	-12.1	24.2
X—Budget Enforcement: Outlays	0	0	0	0	0	0	0	0
Total:								
Outlays	-7.3	-12.3	-20.7	-33.9	-44.6	-53.8	-76.0	-248.7
Revenues ^{b,c}	0.2	5.8	5.8	5.8	9.7	2.9	-13.7	16.5
Deficit	-7.1	-6.5	-14.9	-28.2	-34.9	-50.9	-89.7	-232.2

^a Less than \$50 million.

^b Revenue increases are shown with a negative sign because they reduce the deficit.

^c Includes Earned Income Credit Outlays.

Sources: Congressional Budget Office; Joint Committee on Taxation.